



REA BOOKKEEPING COURSE
(Revised 8-50)

Text No. 19

Requesting and Accounting for Construction Funds from REA

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Finance Division
Washington 25, D. C.

REQUESTING AND ACCOUNTING FOR CONSTRUCTION FUNDS FROM REA

Text No. 19
(Revised)

1. FINANCIAL REQUIREMENT STATEMENT

The Financial Requirement Statement, Form FI-121A, is the medium through which the borrower obtains funds from REA for construction purposes. During the construction period, the borrower should request funds in ample time to have them available to meet all construction obligations as they become due.

A request for an advance of funds must include the following documents:

1. Financial Requirement Statement, Form FI-121A in triplicate. The copy designated as FI-121AA will serve as the basis for approval of payment under the Construction Loan Contract.
2. Expenditure Report, Form FI-121B, in duplicate, shall be submitted by the 20th of the following month.
 - a. Forms must be signed by the proper authorized person.
 - b. No receipted invoices are to be submitted to REA.

(Invoices and/or other satisfactory evidence must be secured showing that REA loan funds have been disbursed in accordance with purposes for which advanced. Such evidence shall be attached to the copy of the voucher check, which shall be filed in numerical order and held for examination by the REA auditor and for ready reference by the borrower.)

All funds requested on the Financial Requirement Statement, Form FI-121A, and received from the United States Treasury must be deposited in a bank designated by the borrower and approved by REA.

The following pages contain detailed instructions on the preparation of Form FI-121A. Two of the requirement statements for the 48 States Electric Cooperative have been prepared to serve as illustrations and are attached hereto.

a. General Instructions for the Use of the Financial Requirement Statement (Form FI-121A)

The loan contract between the borrower and REA provides that loan funds may be advanced and expenditures made only for approved purposes. The approved general purposes are listed in Column 1 of the "Financial Requirement Statement" (Form FI-121A), for which budget amounts have been established and approved by REA. REA does not require that each separate purchase or payment be approved in advance of the expenditure. It does require, however, that expenditures be made only for the specific purposes for which the funds were advanced and in accordance with instructions from REA and the provisions of governing contracts. A request by the borrower for funds for an approved purpose will be considered by REA to be an agreement by the borrower that such funds will be expended only for the purpose for which they were advanced.

b. Explanation of Columns and Instructions for Making Entries on Form FI-121A

The budget schedule on the Financial Requirement Statement (Form FI-121A) is used to show in detail the approved purposes for which funds will be necessary to finance the cooperative during the period for which funds are requested. (A master budget which is an estimate of the amounts by general budget purposes required to accomplish the objective for which the loan was made, is furnished the borrower with the loan documents.) Funds available for advance will be entered in column 2, entitled "Approved Budget" on a copy of the Financial Requirement Statement, which will be furnished the borrower shortly after the loan contract and note are executed.

As the various contracts, amendments and other documents are approved, adjustments are shown in column 3 of the copy of Form FI-121A returned to the borrower. These adjustments are to be combined in column 2 of subsequent requests.

Advances are made up to, but not in excess of, the budget amount established for each purpose. Adjustments to the budget may be requested by the borrower as the need arises, by submitting a letter of transmittal stapled to the requisition setting forth in detail the amounts to be deducted from any particular budget purpose and the budget purpose to be increased. In some cases REA may initiate budget adjustments. When such action is taken the borrower will be notified and such adjustment will be shown on the next request for funds received by REA.

Column 1 - Approved Purposes for Which Funds May be Advanced:

The items listed in this column are the purposes for which advances may be requested under the terms of the Loan Contract. For details of individual purposes see Section C of Part II.

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Column 2 - Approved Budget:

The entries made in this column are the amounts established by REA as available for advance and furnished to the borrower on Form FI-121A. In some instances the total for any given purpose cannot be advanced until final documents have been approved by REA. Details of these limitations are discussed in Section C of Part II. The budget amounts furnished must be entered on subsequent Financial Requirement Statements submitted to REA.

Since it is the practice to consolidate all loans made to a borrower into a single budget whenever possible, the budget amounts established in supplementary loans will be added to the amounts established in the first loan. Thus, for a borrower which had received two or more loans, the individual budget amounts will equal the total amounts loaned for each of the various purposes in all loans. However, the amounts budgeted for construction, engineering and legal services will be indicated separately for each construction section or contract.

Column 3 - Amended Budget:

REA Finance Division will enter in this column, opposite the approved purposes, the approved amended budget amounts (if any). The borrower should request approval of budget adjustments in accordance with instructions in Part IV.

When a change has been approved, the borrower will use the amount of the amended budget in column 2 of the next Financial Requirement Statement submitted.

Column 4 - Total Advances to Date:

The entries to be made in this column should consist of the total advances for each of the purposes which have been received by the borrower, including the last advance. The total of this column must equal the total amount received by the borrower to the date of the request.

If the borrower has two or more construction loans which have been consolidated, the entries in this column should be the totals advanced under all loans, except that funds advanced for construction, engineering and legal services must be indicated separately for each construction section or contract.

Column 5 - Balance Available in Budget:

The entries for this column are obtained by subtracting the total advances for each purpose in column 4 from the latest approved budget for that purpose as shown in column 2.

Column 6 - Advance Now Requested:

The entries to be made in this column opposite the approved purposes should be the borrower's requirements for each of the purposes during the period for which funds are requested. Funds should be requested within the limits of the budget balance available, and only for purposes for which expenditures are planned during the period covered by the Financial Requirement Statement.

If the borrower has two or more construction loans which have been consolidated, the funds requested for any purpose in this column should be reflected as totals for all loans, except with reference to the funds requested for construction, engineering, and legal services. Funds for the latter purposes must be indicated separately for each construction section or contract.

Column 7 - Advance Approved:

The REA Finance Division will enter the amount approved in this column by purpose. When a Financial Requirement Statement has been processed by REA, the total of this column will be the amount advanced under this request.

c. Explanations of Purposes

1. CONSTRUCTION

a. Material and Labor Contract

The budget will be established after the contract has been approved by REA, and will be adjusted, if necessary, by amendments to the contract. Advances will be made as required up to 90 percent of the amended contract. The final 10 percent will not be advanced until all final documents have been submitted to and approved by REA, unless otherwise provided for in the amended contract or by Divisional Memoranda issued from time to time.

Borrowers must not make final payments to contractors until approval has been received from REA.

b. Labor Only Contract

The same provisions set forth under Item "a" above apply to this purpose.

c. Materials Contract

Funds will be provided for materials on the basis of materials contracts which have been approved by REA. Specific approval of REA must be obtained for all material purchases not covered by contract. Items ordinarily purchased under the group purchase plan included in material contracts, but which are applicable to budget purposes other than Item 1a, will not be established under this budget but under the appropriate budget purpose.

Advances may be requested as required up to the full amount of the approved budget.

d. Force Account Construction

(1) Labor and Other

Funds will be established for labor and other costs (including the same type of general overhead items as prescribed in the Manual of Work Order Procedure) in the amount approved by REA and advances may be requested up to the full amount thus established.

(2) Material

Same as Item "c", Materials Contracts, above.

e. Equipment Contracts

The budget is established after the contract has been approved by REA. Up to 90 percent of the approved contract may be advanced upon request. The final 10 percent will not be advanced until all final documents have been submitted to and approved by REA.

Borrowers must not make final payments to contractors until approval has been received from REA.

2. METERS

Funds for this purpose will be established under this item and advanced upon request, on the basis of approved group purchase orders, or upon REA approval of other methods of purchase. Group purchase orders may provide for meters, meter sockets and bases. Current and potential transformers used in connection with metering are to be included under this purpose.

3. AUTOMATIC CIRCUIT RECLOSERS

Funds for this purpose will be established under this item and advanced upon request, on the basis of approved group purchase orders, or upon REA approval of other methods of purchase.

4. LINE TRANSFORMERS

Funds for this purpose will be established under this item and advanced upon request, on the basis of approved group purchase orders, or upon REA approval of other methods of purchase.

5. LEGAL FEES

The budget will be established in the maximum amount authorized by REA and advances will be made in accordance with terms of payment outlined in the letter approving such fee. This budget item is subject to adjustment upon notification of agreement between the borrower and the attorney on a fee less than the maximum fee established.

Legal fees for pre-loan expense, not in excess of \$200 on the initial loan and \$100 on any supplementary loan, are included and should be paid from these funds. Do not include as a part of this fee miscellaneous legal expenses incurred by the borrower's attorney.

6. MISCELLANEOUS LEGAL

The following types of expense are included under this purpose:

- a. Corporate seal.
- b. Recording mortgage.
- c. Recording deed of trust.
- d. Recording supplemental indentures.
- e. Incorporation and charter fees.
- f. Registration fees with Secretary of State.

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- g. Advertising for: incorporation, charter and amendments, contract bids, highway and railway permits, and franchises.
- h. Notary fees and bonds other than those applicable to easements.

No part of the funds advanced under this classification is to be expended for any personal expenses of the attorney, such as travel expenses, meals, postage, etc. Personal expenses and items such as postage, telephone, telegrams and office supplies paid for by the attorney for benefit of the borrower are to be charged to Item 10, General Overhead.

7. ENGINEERING

Funds may be expended under this purpose only for engineering services, which include the preparation of plans and specifications, staking and supervision of construction, etc. Pre-loan engineering services are provided under Item 8 below.

a. Contract

Engineering fees are prescribed by the engineering contract and advances will not be made for this service until the engineering contract has been approved by REA.

Funds for engineering services under contract should be requested in advance to meet obligations when due. Funds advanced for this purpose should be paid to the engineer according to the terms of the contract.

All final close-out documents must be submitted to REA and approved before the percentage withheld will be available for advance, unless otherwise provided for by contract amendment or divisional memoranda issued from time to time.

The percentage withheld must not be paid to the engineer before notification from REA is received.

b. Force Account Engineering

All or any part of the expenses for engineering services performed by a resident engineer on the borrower's payroll, at a fixed rate per week or month approved by REA, will be requested under this item.

This budget will be established on the basis of an amount estimated by the borrower and approved by REA. Advances will

be approved in the total amount of the budget as requested. Salaries, office expenses, and equipment rental incidental to engineering expense should be included here.

c. Miscellaneous Engineering Services

Miscellaneous engineering service are provided by special contracts, which include among others:

- (1) System Study
- (2) Architectural Services
- (3) Voltage Regulation Studies
- (4) Mapping

Advances will be made in accordance with the terms of payment prescribed in the contracts. The percentage withheld (usually 25 percent) will be available only upon submission to and approval by REA of all required close-out documents.

8. PRELOAN

This purpose covers the following expenses:

- a. Preloan engineering, not to exceed \$2.50 per mile without prior REA approval. (After loan, engineering services included under Item 7 above.)
- b. Duplicating membership applications prior to loan. (After loan, payable from general funds.)
- c. Membership survey and solicitation prior to loan. (After loan, payable from general funds.)
- d. Coordinator's salary, and mileage, not to exceed two months without REA approval.

9. RIGHT-OF-WAY

This purpose includes the following:

- a. Wages and mileage paid to right-of-way solicitors for procuring easements and rights-of-way.
- b. Fees for recording easements and other right-of-way instruments.
- c. Searching of titles, and investigating the ownership of parcels of land traversed by the line.

- d. Easement maps, printing of easement forms, postage for easement work, telephone and telegraph expenses in connection with easements, fees paid for notary seal, notary bonds, and notary commissions for easements.
- e. Permits for crossing highways and railroads (advertising for these items should be included under Item 6) and all legal expenses relating to easements, except advertising for franchises, which is included under Item 6.

10. GENERAL OVERHEAD

Funds may be expended under this purpose only during the construction period, unless further expenditures are specifically approved by REA, except in the case of an initial section when funds may be requested and expended for a period of 90 days after complete energization of the primary lines. For projects constructed after the initial section, general expenses must be prorated between construction and operations on the basis of time expended or purpose of expenditure; only those costs which relate to construction are to be paid from loan funds advanced under this budget item, as outlined by the Management memoranda on this subject.

Funds for general overhead applicable to Force Account construction will be provided under Budget Item 1, as described in Par. d (1). No advances will be made for interest on REA loan funds, even though a portion of interest may be properly capitalized as construction overhead.

Each request under general overhead must be accompanied by a statement in the transmittal letter indicating the section or loan to which applicable and the type of overhead covered as outlined below:

a. Manager's Salary and Mileage:

Expenditures may be made for salary and mileage of the manager at the rate approved by REA.

b. Other Salaries:

This item includes salaries and wages of all other employees of the borrower except those employed for force account or work order construction.

c. Office and Warehouse:

This includes other usual and routine costs of maintaining and operating the office and warehouse such as rent, heat, light, telephone, telegraph, water, stationery, office forms and binders, office supplies, bank service charges, etc.

Funds for permanent equipment, i.e. desks, chairs, typewriters, etc., are included under Item 11 described below.

Deposits with utilities for electricity, gas, water, etc., cannot be paid from loan funds.

d. Insurance and Bonds:

This item includes payment of premiums for all insurance and bonds carried by the borrower (not by the contractor) during the construction period.

e. Directors' Fees and Mileage:

Payment of fees and expenses to directors or trustees is limited to \$3.00 for attendance fee and 5 cents per mile for the shortest round-trip distance between the director's home and the meeting place. These fees and mileage allowances are based on one meeting a month, plus three extra meetings to execute the necessary legal documents, until energization of the first section on which construction is completed. Fees and travel expense for two additional meetings will be allowed from loan funds for each supplemental loan.

f. Miscellaneous

When funds are requested for this item, a statement should accompany the request indicating the exact purpose for which such advances are to be expended.

This item includes overhead expenses on the initial section during the construction period other than those listed above, such as truck registration, gas, oil, storage, truck or car repairs, expense of attending bookkeepers' schools, managers' conferences, National Safety Council dues, first aid kits, REA signs, etc. Funds for miscellaneous overhead purposes, applicable to subsequent sections, may also be advanced under this item.

11. EQUIPMENT

Funds for this purpose will be established on the basis of plant procurement orders approved by REA. See Management Division Memorandum covering general plant equipment for further instructions. The following types of equipment are included:

a. Office Equipment.

This includes desks, chairs, tables, filing cabinets, office machines, etc. Office supplies such as stapling machines, waste baskets, pencil sharpeners and letter trays are to be shown under Item 10, General Overhead, during the construction period, after which they should be purchased from general funds. (See Uniform System of Accounts, Account 372.)

b. Transportation Equipment:

This includes trucks, automobiles and truck bodies, trailers, gasoline and oil storage tanks and pumps, other garage equipment, auto radios, spot lights and accessories, winches and hoists attached to trucks, etc. (See Uniform System of Accounts, Account 373.)

c. Stores Equipment:

This includes equipment not permanently attached to buildings which is used for receiving, shipping, handling and storing of electric materials and supplies. (See Uniform System of Accounts, Account 374.)

d. Shop Equipment:

This includes the installed cost of equipment not permanently attached to buildings which is provided for general shop use. (See Uniform System of Accounts, Account 375.)

e. Laboratory Equipment:

This includes the installed cost of laboratory equipment used for general laboratory and testing purposes, such as voltmeters and meter testers. (See Uniform System of Accounts, Account 376.)

f. Tools and Work Equipment:

This includes the cost of tools, implements, and work equipment. (See Uniform System of Accounts, Account 377.)

g. Communications Equipment:

This includes the installed cost of intercommunication systems, and two-way communication facilities. (See Uniform System of Accounts, Account 378.)

h. Miscellaneous Equipment:

This includes the cost of equipment, apparatus, etc., which is not listed above. (See Uniform System of Accounts, Account 379.)

12. POWER AND TELEPHONE AGREEMENTS

Funds will be established on the basis of written agreements when approved by REA and will be advanced 100 percent upon request.

13. MISCELLANEOUS CHARGES

Items not provided for elsewhere are included under this classification. The items most frequently used are described below:

a. Power Use Activities:

Funds will be established for items authorized by REA to promote an effective power use and member education program. (See Applications and Loans Division memoranda on this subject.)

b. Trustee Fees:

Funds will be provided on request for payment of fees to banks for services as trustees under the indentures and deeds of trust securing REA loans. Board of Directors' fees are included under Item 10e above.

c. Building Sites:

Funds will be established in the budget after REA approval of the purchase and will be advanced when the proof of title has been submitted to and approved by REA.

d. Headquarters and Warehouse Facilities:

REA approval must be obtained before purchasing, building, or rehabilitating headquarters and warehouse facilities:

(1) Purchase of Buildings:

Funds will be established in the budget after REA approval of the purchase. Except for portable buildings, such as Quonset Huts, proof of title must be submitted to and approved by REA before funds will be advanced.

(2) Building or Rehabilitation of Structures:

(a) By contract:

Funds will be established in the budget and advanced in accordance with the terms of the approved contract. The percentage withheld will not be advanced until all final documents required have been submitted to and approved by REA, unless otherwise provided for in the amended contract or by Divisional Memoranda issued from time to time.

(b) By force account:

Budget will be established and funds advanced as approved by REA.

e. Electric Plant Purchased:

This item includes:

(1) Actual cost of electric plant acquired:

Funds will be provided in the amount of the adjusted purchase price as of the closing date of the sale agreement.

(2) Rehabilitation of Lines:

Funds as approved by REA will be provided to rebuild acquired lines.

f. Trips to Washington:

Prior REA approval shall be obtained before officers or employees make trips to Washington which are to be financed from loan funds. When the amount of expenses involved is known, funds will be established in the budget on request to REA.

g. Service Entrances (Meter Loops)

The principal methods of installation are listed below and detailed instructions may be found in Applications and Loans Division Memoranda on this subject.

(1) Material and Labor Contract:

Upon REA approval of the contract, Form AL-5A-R, funds will be established in the budget and advances will be made as required to permit payment in accordance with the terms of the contract. The percentage withheld will not be advanced until the final inventory and other final documents required have been submitted to and approved by REA.

(2) Labor Contract with Material Furnished by Borrower:

Upon REA approval of the labor contract, Form AL-5-LO, funds will be established in the budget and advances will be made as required to permit payment in accordance with the terms of the contract. The percentage withheld will not be available until the final inventory and other final documents required have been submitted to and approved by REA.

REA must be advised of the material requirements in order that funds may be provided.

(3) Force Account:

Budget will be established upon REA approval of an estimate work order. Advances may be made on the basis of estimate work orders under this budget item and on approval of final work orders these funds will be transferred to Item 14, Material, and Item 15, Labor and Other.

h. Closed Budget Items:

When budget items become inactive, either because construction is completed and closed out or items become obsolete, they

may be transferred to this purpose. This action may be initiated by REA, or the borrower may request that such action be taken.

- 14. MATERIAL) WORK ORDER CONSTRUCTION FOR
- 15. LABOR AND OTHER) MEMBER SERVICE EXTENSIONS ONLY

An initial advance for these purposes is made for a normal inventory and a labor fund as approved by REA. Work orders for member extensions should be prepared and handled in accordance with the "Manual of Work Order Procedure and Related Instructions on Force Account Construction." As extensions are completed the final work orders shall be prepared and the inventory of construction work orders submitted to REA. After approval, advances may be requested under these budget purposes to cover the cash required. The normal inventory and labor fund may thereby be replenished and kept available for additional construction.

Funds are not established under Item 14 to cover materials purchased under the group purchase plan or materials contracts.

Funds for installation of meters will be advanced under Items 14 and 15 on the basis of final work orders.

16. CONTINGENCY

The amount shown for this item is to provide for unforeseen purposes. FUNDS WILL NOT BE ADVANCED FOR THIS PURPOSE. Funds included under this purpose will be transferred as required to the appropriate budget items from which advances will be made.

17. RESERVES

Funds for construction purposes are temporarily established in this item until contracts or other documents have been approved by REA. After such approval the amounts covered by such documents are transferred to appropriate budget items from which advances are made. FUNDS WILL NOT BE ADVANCED FOR THIS PURPOSE.

2. EXPENDITURE REPORT

The Expenditure Report, FI-121B, is employed to report to REA the expenditure of construction funds which have been advanced to the borrower. Two Expenditure Reports of the 48 States Electric Cooperative are attached to this text for illustrative purposes. Only a portion of the construction disbursements has been included.

a. General Instructions on Reporting the Expenditure of REA
Construction Loan Funds

- (1) The Expenditure Report, reflecting REA loan fund disbursements for each month, shall be submitted by the 20th of the following month.
- (2) The original and one copy is forwarded to REA.
- (3) Invoices, or other evidence of disbursement, shall be retained by borrower for auditing or reference purposes.
- (4) Extreme care should be exercised to classify disbursements under proper budget purposes.
- (5) Any necessary adjustments to expenditures previously reported should be reflected in column 5, Net Disbursements, and detailed on a separate sheet attached to the Expenditure Report, showing check number, purposes, and amounts to be increased or decreased.

b. Preparation of Expenditure Report

Column 1 - Approved Purposes for Which Expenditures May Be Made:

These are the general purposes for which expenditures are authorized. (See Part II.)

Column 2 - Total Advances to Date:

This column reflects the totals of columns 4 and 7 of the last approved Financial Requirement Statement, Form FI-121A.

Column 3 - Audited Disbursements:

Amounts in this column will be established by the REA auditor to reflect approved audited disbursements and will remain unchanged between audits.

Column 4 - Unaudited Disbursements - Prior Report:

Enter by purposes in this column the sum of columns 4 and 5 of the expenditure report for the previous month. Approved disbursements will be transferred to column 3 by an REA auditor after completion of an audit.

Column 5 - Disbursements - Less Refunds for Month:

Enter in this column, by purpose, disbursements less refunds for the month being reported and adjustments affecting

prior months as summarized in the REA Construction Fund Check Register and Cash Received Record, described in Part V.

Column 6 - For REA Use Only:

REA will use this column to reflect any adjustment required.

Column 7 - Cash Balance at Close of Month:

This column will reflect the cash balances by purposes as of the last day of the month covered by the report. The total of this column should agree with the balance in Account 120.2, Cash - REA Construction Fund - Trustee, as shown by the general ledger and reported on the Monthly Financial and Statistical Report. Any differences should be adequately explained on the report or in a transmittal letter.

RECOMMENDED CONSTRUCTION FUND RECORDS TO FACILITATE
PREPARATION OF THE MONTHLY EXPENDITURE REPORT

In order to properly record transactions in the REA Construction Fund and to permit ready summarization of such transactions to prepare the monthly expenditure report, it is recommended that the following books of original entry be placed in use unless present records provide required information in similar form.

A. REA Construction Fund Cash Received Record (Form FI-177C revised)

All cash receipts in the REA Construction Fund are entered in the daily cash collection sheets for transfer to Form FI-177C revised. All entries in this record are totaled at the end of the month for posting to the general ledger. Columns are provided on the form for a memorandum distribution of refunds by budget purpose. All refunds should be included as credits under the proper budget purposes on the Expenditure Report for the current month in column 5, headed "Disbursements Less Refunds for the Month."

B. REA Construction Fund Check Register (Form FI-165 revised)

The REA Construction Fund Check Register is used to maintain a record of disbursements from the REA Construction Fund. This form provides separate sections and columns for accounting and budget distribution. This will permit ready summarization of disbursements by budget purposes for the completion of column 5 of the Expenditure Report.

Any necessary adjustments to the budget distribution to transfer disbursements of prior months from one budget item to another will be shown in the budget distribution section of the check register for the current month immediately below the total distribution for the month, indicating check numbers and appropriate debits and credits.

Refunds to the REA Construction Fund as summarized in the cash received record for the current month may also be entered as credits under the proper budget purposes in a similar manner. These adjustments and refunds, together with the summary of disbursements by budget purposes for the current month, will provide the "Disbursements Less Refunds for the Month" for entry in column 5 of the expenditure report.

The total of amounts for all budget purposes should equal the total funds disbursed from the REA Construction Fund for the month as reflected by the total of the column headed "Amount of Check" - 120.2. Entries in the budget distribution section for salaries may be for the gross amount or may be entered for the amount of the check. If the first method is followed, an REA Construction Fund check must be issued to the General Fund at the close of each month for the total deductions from salaries as reflected in the columns for social security taxes, income taxes, and other deductions. This check will be entered in the check register in the usual manner and distributed in the accounting distribution section as in the case of any other reimbursement check. After consideration of this check, the total cash disbursed for the month should equal the total of amounts for all budget purposes as shown in the budget distribution section. Since funds are transferred to the General Fund for total deductions, all payments for such obligations should be made from the General Fund.

A number of blank columns is provided to make the form more flexible to meet individual needs.

Any budget purpose not provided for by a special column should be recorded in the column for "Other Budget Items."

C. REA Construction Fund - Accounts Payable Register (Form FI-177B)

This form is used to record unpaid invoices and other open obligations at the close of the month for posting to the general ledger. It also serves as a subsidiary record for accounts payable from the REA Construction Fund. Checks issued in payment of these obligations should be posted to the "Payment Data" section as they are drawn. A comparison of the "Amount Paid" column of this section with the

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"Accounts Payable" column will indicate any unpaid balances. The total of unpaid obligations reflected in the Accounts Payable Register should agree with the balance in Account 222.2, Accounts Payable - REA Construction. It is extremely important to reconcile this register with the general ledger account at the close of each month.

These recommended forms are designed for use in the standard 11 x 14 post index binder. It is suggested that the sample forms of the cooperative be studied.

FINANCIAL REQUIREMENT STATEMENT

FOR REA USE ONLY	
DATE RECEIVED:	REGISTER NO:

BORROWER DESIGNATION State 39 County	CONTRACT NO.	STATEMENT NO. 1	DATE PREPARED: July 1, 1950	PERIOD COVERED: July 1 to Aug. 31, 1950
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APPROVED PURPOSES For which funds may be advanced	APPROVED BUDGET	AMENDED BUDGET (REA use only)	TOTAL ADVANCES TO DATE (Col. 4 plus col. 7 of previous month's request)	BALANCE AVAILABLE (Col. 2 less col. 4)	ADVANCE NOW REQUESTED	ADVANCE APPROVED (REA use only)
(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)	(Column 6)	(Column 7)
1. Sec. A	350,000.00			350,000.00	10,000.00	10,000.00
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
2. Meters	9,000.00			9,000.00		
3. A. C. Reclosers						
4. Line Transformers	5,000.00			5,000.00		
5. Sec. A	1,500.00			1,500.00	625.00	625.00
Sec.						
Sec.						
Sec.						
6. Misc. Legal	500.00			500.00	291.50	291.50
7. Sec. A	12,000.00			12,000.00	1,500.00	1,500.00
Sec.						
Sec.						
Sec.						
Sec.						
8. Pre-loan	1,200.00			1,200.00	832.00	832.00
9. Right of way	3,000.00			3,000.00	850.00	850.00
10. General Overhead	6,550.00			6,550.00	1,346.35	1,346.35
11. Equipment	1,982.90			1,982.90	1,932.90	1,932.90
12. Power & Tel. Agt.						
13. (a) Power Use Act.						
(b) Trip to REA	75.00			75.00	75.00	75.00
(c) Trustee Fees	100.00			100.00	100.00	100.00
(d) R/W Clearing Contract	950.00			950.00	450.00	450.00
(e)						
(f)						
(g)						
(h)						
(i)						
(j)						
(k)						
(l)						
(m)						
(n)						
(o)						
(p)						
(q)						
(r)						
(s) Closed Budget						
14. Material	19,300.00			19,300.00		
15. Labor and Other	10,000.00			10,000.00		
16. Contingency	28,842.10		x x x x x	28,842.10	x x x x x	x x x x x
17. Reserves			x x x x x		x x x x x	x x x x x
TOTAL	450,000.00			450,000.00	18,002.75	18,002.75

Subject to approval of REA, the corporation requests that total of column 6 be advanced under the loan contract designated above. I CERTIFY that the amount of this payment is required for the project designated, in accordance with the provisions of said loan contract, and that the proceeds will be deposited in the Special Construction Account of the undersigned in the _____ Bank and will be disbursed only as herein specified in accordance with the provisions of said loan contract. I am duly authorized by said corporation to execute this request. The articles of incorporation and bylaws heretofore furnished REA are in full force and effect without modification and no litigation in which the corporation is a party is pending except as noted on reverse side.

BORROWER _____	BY _____ SIGNATURE
ADDRESS _____	TITLE _____ CORPORATE OFFICER OR MANAGER AUTHORIZED TO EXECUTE THIS REQUEST

SEND THIS COPY TO REA

FINANCIAL REQUIREMENT STATEMENT

FOR REA USE ONLY	
DATE RECEIVED:	REGISTER NO:

BORROWER DESIGNATION	CONTRACT NO.	STATEMENT NO.	DATE PREPARED:	PERIOD COVERED:
State 39 County		2	Aug. 1, 1950	Sept. 1 to Sept.30, 1950

	APPROVED PURPOSES For which funds may be advanced	APPROVED BUDGET	AMENDED BUDGET (REA use only)	TOTAL ADVANCES TO DATE (Col. 4 plus col. 7 of previous month's request)	BALANCE AVAILABLE (Col. 2 less col. 4)	ADVANCE NOW REQUESTED	ADVANCE APPROVED (REA use only)
	(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)	(Column 6)	(Column 7)
CONSTRUCTION	1. Sec. A	350,000.00		10,000.00	340,000.00	119,600.00	
	Sec.						
	Sec.						
	Sec.						
	Sec.						
	Sec.						
	Sec.						
	Sec.						
	Sec.						
	Sec.						
LEGAL FEES	2. Meters	9,000.00			9,000.00	7,500.00	
	3. A. C. Reclosers						
	4. Line Transformers	5,000.00			5,000.00		
	5. Sec. A	1,500.00		625.00	875.00		
	Sec.						
	Sec.						
	Sec.						
	6. Misc. Legal	500.00		291.50	208.50		
	7. Sec. A	12,000.00		1,500.00	10,500.00	1,500.00	
	Sec.						
ENGINEERING	Sec.						
	Sec.						
	Sec.						
	Sec.						
	Sec.						
	8. Pre-loan	1,200.00		832.00	368.00		
	9. Right of way	3,000.00		850.00	2,150.00		
	10. General Overhead	6,550.00		1,346.35	5,203.65	1,050.00	
	11. Equipment	1,982.90		1,932.90	50.00	50.00	
	12. Power & Tel. Agt.						
MISCELLANEOUS CHARGES	13. (a) Power Use Act.						
	(b) Trip to REA	75.00		75.00			
	(c) Trustee Fees	100.00		100.00			
	(d) R/W Clearing Contract	950.00		450.00	500.00	500.00	
	(e)						
	(f)						
	(g)						
	(h)						
	(i)						
	(j)						
	(k)						
	(l)						
	(m)						
	(n)						
	(o)						
	(p)						
	(q)						
	(r)						
	(s) Closed Budget						
	14. Material	19,300.00			19,300.00		
	15. Labor and Other	10,000.00			10,000.00		
	16. Contingency	28,842.10		x x x x x	28,842.10	x x x x x	x x x x x
	17. Reserves			x x x x x		x x x x x	x x x x x
	TOTAL	450,000.00		18,002.75	431,997.25	130,200.00	

Subject to approval of REA, the corporation requests that total of column 6 be advanced under the loan contract designated above. I CERTIFY that the amount of this payment is required for the project designated, in accordance with the provisions of said loan contract, and that the proceeds will be deposited in the Special Construction Account of the undersigned in the _____ Bank and will be disbursed only as herein specified in accordance with the provisions of said loan contract. I am duly authorized by said corporation to execute this request. The articles of incorporation and bylaws heretofore furnished REA are in full force and effect without modification and no litigation in which the corporation is a party is pending except as noted on reverse side.

BORROWER _____	BY _____
ADDRESS _____	SIGNATURE _____
	TITLE _____
	CORPORATE OFFICER OR MANAGER AUTHORIZED TO EXECUTE THIS REQUEST

SEND THIS COPY TO REA

EXPENDITURE REPORT

FOR REA USE ONLY	
DATE RECEIVED:	REGISTER NO:

BORROWER DESIGNATION	REPORT NO.	DATE PREPARED:	FOR THE MONTH OF:
State 39 County	1	Sept.10,1950	August, 1950

APPROVED PURPOSES For which expenditures may be made	TOTAL ADVANCES TO DATE (Col. 4 plus col. 7 of last Financial Requirement Statement)	AUDITED DISBURSEMENTS	UNAUDITED DISBURSEMENTS— PRIOR REPORT (col. 4, plus col. 5 of last report)	DISBURSEMENTS— LESS REFUNDS For the month	FOR REA USE ONLY	CASH BALANCE AT CLOSE OF MONTH (col. 2 less col. 3, 4 and 5)
(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)	(Column 6)	(Column 7)
1. Sec. A	10,000.00		9,900.00			100.00
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
2. Meters						
3. A. C. Reclosers						
4. Line Transformers						
5. Sec. A	625.00		125.00			500.00
Sec.						
Sec.						
Sec.						
6. Misc. Legal	291.50		91.50			200.00
7. Sec. A	1,500.00		1,500.00			
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
8. Pre-loan	832.00		435.00			397.00
9. Right of way	850.00		597.00			253.00
10. General Overhead	1,346.35		1,033.35			313.00
11. Equipment	1,932.90		1,832.90			100.00
12. Power & Tel. Agt.						
13. (a) Power Use Act.						
(b) Trip to REA	75.00		75.00			
(c) Trustee Fees	100.00		100.00			
(d) R/W Clearing Contract	450.00		450.00			
(e)						
(f)						
(g)						
(h)						
(i)						
(j)						
(k)						
(l)						
(m)						
(n)						
(o)						
(p)						
(q)						
(r)						
(s) Closed Budget						
14. Material						
15. Labor and Other						
TOTAL	18,002.75		16,139.75			1,863.00
Balance In Account 120.2 as of Closing Date of this Report						

CERTIFICATION

I certify that I have checked the cash balance shown on this report and the balance of Account 120.2, REA Construction Fund-Trustee as stated with the balance reflected in the general ledger and that said balances are true and correct. I further certify that all expenditures covered by this report are for the purposes and in the amounts authorized by the loan contract and previously approved financial requirement statements.

By _____
(Corporate Officer or Manager authorised to execute this report)

SEND THIS COPY TO REA

FORM FI-121 B
FORM APPROVED BY
COMP. GEN., U. S.
NOVEMBER 29, 1949

U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

BUDGET BUREAU NO. 40R-169

EXPENDITURE REPORT

FOR REA USE ONLY	
DATE RECEIVED:	REGISTER NO:

BORROWER DESIGNATION	REPORT NO.	DATE PREPARED:	FOR THE MONTH OF:
State 39 County	2	Oct.10,1950	September, 1950

APPROVED PURPOSES For which expenditures may be made	TOTAL ADVANCES TO DATE (Col. 4 plus col. 7 of last Financial Requirement Statement)	AUDITED DISBURSEMENTS	UNAUDITED DISBURSEMENTS— PRIOR REPORT (col. 4, plus col. 5 of last report)	DISBURSEMENTS— LESS REFUNDS For the month	FOR REA USE ONLY	CASH BALANCE AT CLOSE OF MONTH (col. 2 less col. 3, 4 and 5)
(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)	(Column 6)	(Column 7)
1. Sec. A	129,600.00	129,600.00				
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
2. Meters	7,500.00	7,250.00				250.00
3. A. C. Reclosers						
4. Line Transformers						
5. Sec. A	625.00	625.00				
Sec.						
Sec.						
Sec.						
6. Misc. Legal	291.50	137.00	18.00			136.50
7. Sec. A	3,000.00	3,000.00				
Sec.						
Sec.						
Sec.						
Sec.						
Sec.						
8. Pre-loan	832.00	435.00				397.00
9. Right of way	850.00	597.00				253.00
10. General Overhead	2,396.35	1,533.85	450.00			412.50
11. Equipment	1,982.90	1,874.90				108.00
12. Power & Tel. Agt.						
13. (a) Power Use Act.						
(b) Trip to REA	75.00	75.00				
(c) Trustee Fees	100.00	100.00				
(d) R/W Clearing Contract	950.00	900.00				50.00
(e)						
(f)						
(g)						
(h)						
(i)						
(j)						
(k)						
(l)						
(m)						
(n)						
(o)						
(p)						
(q)						
(r)						
(s) Closed Budget						
14. Material						
15. Labor and Other						
TOTAL	148,202.75	146,127.75	468.00			1,607.00
Balance In Account 120.2 as of Closing Date of this Report						

CERTIFICATION

I certify that I have checked the cash balance shown on this report and the balance of Account 120.2, REA Construction Fund-Trustee as stated with the balance reflected in the general ledger and that said balances are true and correct. I further certify that all expenditures covered by this report are for the purposes and in the amounts authorized by the loan contract and previously approved financial requirement statements.

By _____
(Corporate Officer or Manager authorized to execute this report)

SEND THIS COPY TO REA

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Finance Division
Washington 25, D. C.

REQUESTING AND ACCOUNTING FOR CONSTRUCTION FUNDS FROM REA

Problems
Text No. 19
(Revised 8-50)

Name _____	Requesting and Accounting for Subject Construction Funds from REA
System _____	Text No. 19
Position _____	Address _____

As of the end of August, 1950, the Sample County Rural Electric Cooperative had received five REA advances totaling \$248,800.00 from a budget of \$300,000.00 which had been established on the basis of a mortgage note. The first four advances totaled \$169,800.00, and have been audited by an REA auditor. The fifth advance is in the amount of \$79,000.00. Of the fifth advance, \$65,210.000 has been disbursed, of which none has yet been audited.

By means of this information and the breakdowns given on succeeding pages, the student is to prepare only one copy each of a Financial Requirement Statement requesting \$22,800.00 and an Expenditure Report accounting for the total advances to date.

The Financial Requirement Statement will be No. 6, dated September 1, 1950, and will request funds for the month of October, 1950.

The Expenditure Report will be No. 5, dated September 10, 1950, and will cover expenditures of August, 1950.

REQUESTING AND ACCOUNTING FOR CONSTRUCTION FUNDS FROM REA

Problems
Text No. 19
(Revised)

DETAIL NO. 1 - ESTABLISHED BUDGET

<u>Budget Item</u>	<u>Amount</u>
1. Construction	\$210,000.00
2. Meters	7,500.00
4. Line Transformers	8,000.00
5. Legal Fees	2,000.00
6. Misc. Legal	600.00
7. Engineering	12,000.00
8. Pre-loan	1,000.00
9. Right of Way	2,500.00
10. General Overhead	7,250.00
11. Equipment	3,135.00
12. Power and Telephone Agreements	3,500.00
13. a. Power Use Activities	200.00
b. Substation Site	1,000.00
c. Trip to REA	125.00
d. Substation Transformers	4,800.00
14. Material	13,700.00
15. Labor and Other	8,500.00
16. Contingency	14,190.00
	<u>\$300,000.00</u>

REQUESTING AND ACCOUNTING FOR CONSTRUCTION FUNDS FROM REA

Problems
Text No. 19
(Revised)

DETAIL NO. 2 - BREAKDOWN OF FIRST FOUR ADVANCES WHICH HAVE ALREADY
BEEN DISBURSED AND AUDITED UNDER THESE SAME BUDGET ITEMS

<u>Budget Item</u>	<u>Amount</u>
1. Construction	\$152,000.00
5. Legal Fees	800.00
6. Misc. Legal	200.00
7. Engineering	7,800.00
8. Pre-loan	1,000.00
9. Right of Way	800.00
10. General Overhead	2,990.00
11. Equipment	2,485.00
12. Power and Telephone Agreements	600.00
13. b. Substation Site	1,000.00
c. Trip to REA	125.00
Total of First Four Advances	<u>\$169,800.00</u>

REQUESTING AND ACCOUNTING FOR CONSTRUCTION FUNDS FROM REA

Problems
Text No. 19
(Revised)

DETAIL NO. 3 - BREAKDOWN OF FIFTH ADVANCE

<u>Budget Item</u>	<u>Amount</u>
1. Construction	\$37,000.00
2. Meters	7,000.00
4. Line Transformers	8,000.00
5. Legal Fees	600.00
6. Misc. Legal	200.00
7. Engineering	3,000.00
9. Right of Way	1,500.00
10. General Overhead	3,510.00
11. Equipment	550.00
12. Power and Telephone Agreements	2,900.00
13. a. Power Use Activities	150.00
d. Substation Transformers	4,800.00
14. Material	6,700.00
15. Labor and Other	3,090.00
Total of Fifth Advance	<u>\$79,000.00</u>

REQUESTING AND ACCOUNTING FOR CONSTRUCTION FUNDS FROM REA

Problems
Text No. 19
(Revised)

DETAIL NO. 4 - BREAKDOWN OF DISBURSEMENTS MADE FROM THE \$79,000.00
RECEIVED AS ADVANCE NO. 5

<u>Budget Item</u>	<u>Amount</u>
1. Construction	\$37,000.00
2. Meters	6,500.00
4. Line Transformers	1,500.00
5. Legal Fees	400.00
6. Misc. Legal	200.00
7. Engineering	2,700.00
9. Right of Way	1,500.00
10. General Overhead	2,060.00
11. Equipment	500.00
12. Power and Telephone Agreements	2,900.00
13. a. Power Use Activities	150.00
d. Substation Transformers	4,800.00
14. Material	5,000.00
Total	<u>\$65,210.00</u>

REQUESTING AND ACCOUNTING FOR CONSTRUCTION FUNDS FROM REA

Problems
Text No. 19
(Revised)

DETAIL NO. 5 - BREAKDOWN OF ADVANCE TO BE REQUESTED ON FINANCIAL
REQUIREMENT STATEMENT NO. 6

<u>Budget Item</u>	<u>Amount</u>
1. Construction	\$21,000.00
7. Contract Engineering	1,200.00
9. Right of Way	200.00
10. General Overhead	380.00
13. a. Power Use Activities	<u>20.00</u>
Total	\$22,800.00